



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 16, 2005

TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **CITY OF NORWALK CONTRACT REVIEW – CALWORKS CHILD CARE SERVICES**

We have completed a contract compliance review of City of Norwalk (Norwalk or Agency), a CalWORKs Stage 1 Child care service contractor. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Public Social Services (DPSS) contracts with Norwalk to assist parents with child care services. The Agency's services include determining participants' eligibility, explaining participants' child care options and program rights, providing consumer education information, and paying the daycare service providers. The Agency is located in the Fourth District.

DPSS pays Norwalk a negotiated rate of approximately \$125 per case per month. DPSS also pays Norwalk approximately \$1,500 annually for outreach services. For Fiscal Year 2004-2005, DPSS paid the Agency approximately \$200,000.

Purpose/Methodology

The purpose of the review was to determine whether Norwalk provided the services outlined in their Program Statement and County contract. We also evaluated Norwalk's ability to achieve planned service and staffing levels. Our monitoring visit included a review of the Agency's billing statements, participant case files, provider files, provider

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payment requests, time records, and personnel files. In addition, we interviewed the Agency's staff, program participants and service providers.

Results of Review

Norwalk provided the services required by the County contract using the appropriate number of qualified staff. In addition, the program participants stated that the services they received from Norwalk generally met their expectations.

For one (5%) of the 20 cases reviewed, Norwalk billed DPSS for childcare services provided to an individual that did not qualify for the services. According to the County contract, a participant must be enrolled in an activity to receive child care services. The program participant was not enrolled in an activity that qualified the participant childcare services. This resulted in Norwalk over-billing DPSS a total of \$125. Norwalk stated that the over-billing was in error and would repay DPSS the \$125.

The details of our review, along with recommendations for corrective action, are attached.

Review of Report

On August 24, 2005, we discussed our report with Norwalk's management who agreed with the findings. In their attached response, Norwalk management indicates the actions the agency has taken to implement the recommendations contained in the report. We also notified DPSS of the results of our review.

We thank Norwalk for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
Tak Hambata, Director of Social Services, City of Norwalk
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING DIVISION
CalWORKs STAGE 1 CHILD CARE PROGRAM
FISCAL YEAR 2004-2005
CITY OF NORWALK**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether City of Norwalk (Norwalk or Agency) provided the services billed in accordance with their County contract and the program participants actually received those services.

Verification

We sampled 20 program participant case files and reviewed documentation contained in the case files to support the Agency's compliance with the County contract. We also interviewed 12 program participants and 13 daycare providers. In addition, we reviewed 14 Provider Payment Requests to verify that the daycare providers were paid within the timeframe required by the County contract. Our sample represents \$4,983 out of a total of \$35,505 that Norwalk billed the Department of Public Social Services (DPSS) from December 2004 to January 2005.

Results

The participants interviewed stated that the services generally met their expectations and that Norwalk appropriately explained the child care options and program rights and provided consumer education information. The 13 service providers interviewed also stated that Norwalk appropriately authorized and paid for child care services.

For one (5%) of the 20 cases reviewed, Norwalk billed DPSS for childcare services provided to an individual that did not qualify for the services. According to the County contract, a participant must be enrolled in an activity to receive child care services. The program participant was not enrolled in an activity that qualified the participant childcare services. This resulted in Norwalk over-billing DPSS a total of \$125. Norwalk stated that the over-billing was in error and would repay DPSS the \$125.

Recommendations

Norwalk management:

- 1. Ensure that services are only provided to eligible participants.**
- 2. Repay DPSS the amount over-billed.**

SERVICE/STAFFING LEVELS**Objective**

Determine whether Norwalk's actual service and staffing levels did not significantly vary from planned levels.

Verification

We interviewed all seven Norwalk staff and reviewed Norwalk's employee roster. In addition, we reviewed invoices for December 2004 and January 2005 and compared them to the Agency's proposed service levels for the same period.

Results

Norwalk's reported service levels for December 2004 and January 2005 averaged approximately 143 participant cases per month. These levels were consistent with the Agency's budgeted participant service levels of 142 participant cases per month. Also, the Agency's actual staffing level of four Full Time Equivalent (FTE) staff was consistent with the planned staffing level of four FTEs.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether Norwalk staff met the qualifications required by the contract.

Verification

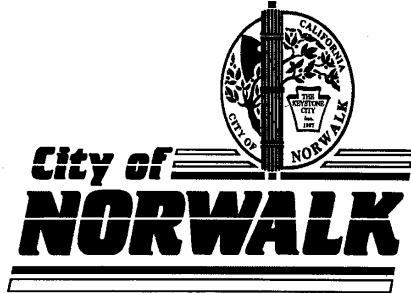
We reviewed the personnel files for all seven staff for documentation to confirm staff qualifications.

Results

Each staff sampled met the required employment eligibility verification, training, reading, writing, and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.



September 8, 2005

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

We have reviewed the report issued by your Department and are in general agreement with the findings and recommendations.

Please call me if you have any questions at (562)462-1713

Sincerely,

A handwritten signature in black ink, appearing to read "Gabriela Regalado".

Gabriela Regalado
Child Care Program Manager
City of Norwalk